AMERENCIPS/UE EXHIBIT NO. 24.0

ILLINOIS COMMERCE COMMISSION

DOCKET NOS. 02-0798/03-0008/03-0009 (Consolidated)

SURREBUTTAL TESTIMONY

OF

JIMMY L. DAVIS

Submitted On Behalf

of

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY,

d/b/a AmerenCIPS,

and

UNION ELECTRIC COMPANY,

d/b/a AmerenUE

June 2003

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INTRODUCTION

Q. Please state your name and business address.

A. My name is Jimmy L. Davis. My business address is 607 East Adams Street, Springfield, Illinois 62739.

Q. Are you the same Jimmy L. Davis who filed direct and rebuttal testimony in this proceeding?

A. Yes, I am.

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of my surrebuttal testimony is to respond to Illinois Commerce Commission Staff ("Staff") witness Eric Lounsberry's rebuttal testimony which (a) recommends that the Company revise its tariff to provide that service to new customers must be connected within 15 working days; (b) recommends certain adjustments to the Company's working capital allowance for gas in storage; and

(c) recommends that AmerenCIPS be required to retire the Richwood and Belle Gent storage fields. In addition, in response to Staff's rebuttal testimony concerning uncollectibles, I will provide updated information on current and future gas prices.

AMERENUE

Working Capital Associated with Gas in Storage

Q. Do you agree with Mr. Lounsberry's recommendations regarding AmerenUE's working capital allowance for its gas in storage?

A. Yes, the Company agrees with Mr. Lounsberry's recommendations. Mr. Lounsberry originally proposed a disallowance of $125,000 but withdrew that recommendation in his rebuttal testimony. The Company also accepts the $2,000 adjustment that was recommended by Mr. Lounsberry in his direct testimony. This adjustment is warranted because it reflects actual volumes received from the pipeline as provided by the Company in its response to Staff Data Request UE-ENG 1.8.

Installation of New Services

Q. Does Mr. Lounsberry agree that there is not a customer service problem which requires the Company to add proposed language to the tariff requiring new services to be installed within 15 working days?

A. Yes. Mr. Lounsberry acknowledges in his rebuttal testimony that the Company does not have a problem providing service to new customers which requires the Company to add the proposed language to the tariff requiring new services to be installed within 15 working days. This is also substantiated by Mr. Lounsberry in his response to Company data request JLD-1, attached as AmerenCIPS/UE Exhibit No. 24.1, where he states that he is not aware of any formal or informal complaints lodged during the last five years with the Commission alleging that the Company has failed to provide a service connection to a new customer in a timely fashion.

Q. Why does Mr. Lounsberry believe that a 15 working day time limit is needed?

A. Mr. Lounsberry states that the time limit is being recommended so that there are requirements in place that will keep the amount of time it takes to provide service to new customers at a reasonable level in the future.

Q. Do you agree with the recommendation?

A. No. Mr. Lounsberry acknowledges that a problem does not currently exist with regard to providing service to new customers within a reasonable time. Secondly, he does not provide any facts or information to indicate there is a trend of deteriorating service levels or any indication that the Company's service levels are likely to deteriorate in the future.

The only explanation offered by Mr. Lounsberry, which is pure speculation, is that there might be a problem in the future because the Company has recently completed an early retirement program. However, the fact that the Company recently completed an early retirement program will not affect the Company's ability to provide service in a reasonable amount of time.

Q. Why won't the Company's recently completed early retirement program, which reduced some personnel resources, affect the Company's ability to provide service to a new customer in a reasonable amount of time?

A. As I stated in my rebuttal testimony, the early retirement program did not affect the staffing levels of the personnel that physically construct the gas facilities for a new customer or connect new customers to the system. In addition, none of the gas engineering personnel who are responsible for the design of new gas facilities participated in the early retirement program. Taking this into account, the personnel who perform new service construction remain essentially the same as before the early retirement program was initiated.

Q. Does the Company have plans to offer any additional early retirement programs which could affect the installation time of new services in the future?

A. There are no plans to offer any additional early retirement programs at this time which would affect the work force that installs new services. More importantly there are no plans to reduce the work force to a level where the Company will not be able to continue initiating service to new customers in a reasonable amount of time. Given these facts, Mr. Lounsberry's concern that future work force reductions might cause service levels to deteriorate and affect the time it takes to install new services has no foundation.

Q. Did the Company answer the Staff data request for information regarding what percentage of customers the Company was able to provide new service installation within 15 working days?

A. Yes. This information was requested by Staff Data Request CIPS&UE-ENG 1.72, which was received by the Company on June 2, 2003. The Company responded promptly to the request on June 4, 2003. The Company's response to this data request is attached as AmerenCIPS/UE Exhibit No. 24.2.

Q. If the Commission requires the Company to include a 15 working day time limit requirement for new services in the tariff, with the language proposed by Mr. Lounsberry, will this increase the Company's costs?

A. Yes it will. The additional costs would include computer programming necessary to identify and maintain the 15 working day time limit for each new service request, programming to create reports, programming to implement a tracking system to document that the Company complied with the time requirement, and administrative costs to review the tracking reports, determine which new service requests apply to the time limit, and schedule construction resources to meet the time requirement.

In addition, there would be a considerable labor expense if the Company has to add any employees to ensure that the 15 working day time limit is met 100% of the time. In his rebuttal testimony, Mr. Lounsberry refers to AmerenCILCO and their estimate that 95% of the new customer service requests are fulfilled within 15 working days. This means that approximately 5% of the requests are not fulfilled within that time limit, and there would potentially be an increased labor cost for AmerenCILCO to complete the remaining 5% of new services within the 15 working day time limit. Assuming a similar ratio for AmerenUE and AmerenCIPS, the potential increased labor costs to comply with the time limit for 100% of the new service requests would also apply to AmerenUE and AmerenCIPS and could be significant. As an example, adding only a single employee would increase costs by more than $50,000 per year. These additional costs would eventually be borne by the ratepayers with no tangible benefits identified by Mr. Lounsberry.

Q. Should the Company be held to time limit standards that are not applicable to other gas distribution utilities that are under the Commission's jurisdiction?

A. No. To my knowledge there is currently no other gas distribution utility that has to meet a 15 working day time limit requirement. Mr. Lounsberry states that he is not singling out the Company and that he intends to apply the same standard to other gas utilities when they file rate cases. However, the process of using rate cases to implement this type of standard would likely take years. In the interim, the Company would, in fact, be singled out and held to a higher standard than other gas utilities.

Q. Why is a rulemaking proceeding the correct forum for considering a minimum time requirement standard?

A. A rulemaking proceeding is the correct forum because Mr. Lounsberry states that his intent is to apply the same standard to all gas utilities. In a rulemaking proceeding, the perspectives of all gas utilities in the State of Illinois to which the standard would apply, the Commission Staff, customers, and other interested parties could be heard and considered. If it was determined that a policy change mandating the maximum time a customer must wait for service was needed, it could be implemented consistently, both in requirements and timing, for all utilities by incorporating the requirements in the Illinois Administrative Code.

AMERENCIPS

Working Capital Associated with Gas in Storage – All Fields

Q. What recommendation did Mr. Lounsberry make in his rebuttal testimony regarding the working capital allowance for AmerenCIPS' Panhandle and Trunkline leased storage inventories?

A. Mr. Lounsberry recommended that no adjustment should be made to the working capital allowance requested by the Company for the Panhandle and Trunkline leased storage inventories.

Q. Do you agree with Mr. Lounsberry's recommendation for the Panhandle and Trunkline leased storage?

A. Yes. Mr. Lounsberry recognized that a reduction in the working capital allowance requested by the Company based upon the historical average inventories was not appropriate for these fields. The Company had contractually arranged to increase the Maximum Storage Quantity ("MSQ") of the storage agreements with Panhandle and Trunkline for the term of the contracts in order to increase working storage capacity for the benefit of AmerenCIPS customers. As a result, the test year inventory is legitimately higher than inventory levels in previous years and should not be adjusted downward.

Q. What recommendation did Mr. Lounsberry make in his rebuttal testimony regarding the working capital allowance for AmerenCIPS' NGPL and Texas Eastern leased storage inventories?

A. Mr. Lounsberry continued to recommend a working capital allowance reduction of $26,000 for NGPL and $135,000 for Texas Eastern. This reduction is based upon historical average inventories of 4 years and 3 years, respectively.

Q. Do you agree with Mr. Lounsberry's recommendation for the NGPL and Texas Eastern leased storage inventories?

A. No. Mr. Lounsberry apparently did not give any consideration to my rebuttal testimony in which I discuss why historical averages of storage inventory are not representative of the future and should not be the basis of reducing the working capital allowance requested by the Company.

Q. Please explain why historical averages are not representative of the future and should not be used as the basis for reducing the working capital allowance.

A. The three to five year historical averages Mr. Lounsberry has used do not reflect increases in inventory and working capacity that have occurred in recent years. Also, these historical averages do not consider the Company's increased reliance on storage as a hedging tool. As gas prices continue to escalate, the Company plans to continue the aggressive use of storage as a hedging tool in the future which makes the test year storage inventories much more representative of the future. Using historical averages does not take into account periods of time before such aggressive hedging practices became common in Illinois.

Q. What justification does Mr. Lounsberry provide for using historical average inventories to reduce the working capital allowance requested by the Company?

A. The only information Mr. Lounsberry offered to support his recommendation that the working allowance should be reduced is based upon a comparison between gas withdrawn over several years and gas withdrawn during the test year. Mr. Lounsberry states that for four of the five fields (2 leased fields and 3 AmerenCIPS owned fields) the percentage of natural gas removed during the withdrawal season was the lowest during the test year and concludes that the volume of gas contained in storage inventory is artificially higher in the test year.

For NGPL the comparison does show that the withdrawals during the test year were lower than in previous years. However, the magnitude of the difference is not significant. During the test year (2001/2002), the winter usage was 87.6% of the Company’s storage capacity which is almost identical to 1998/1999, three years earlier, when the winter usage was 87.9% of the capacity. This historical comparison shows that the test year inventory is not higher than normal and if anything is typical. Therefore, no adjustments are warranted to the test year inventory and the Company should receive the working capital allowance requested.

Mr. Lounsberry’s assessment for Texas Eastern is not correct. The comparison does not support his argument because withdrawals during the test year were not less than in previous years. The withdrawal volumes from this field were less in 1998/1999 and almost identical in 2000/2001 compared to the test year. The comparison contradicts Mr. Lounsberry’s statement that the inventory in the test year was higher than normal and should be adjusted downward. Therefore, no adjustments are warranted to the test year inventory and the Company should receive the working capital allowance requested.

Q. What recommendation did Mr. Lounsberry make in his rebuttal testimony regarding the working capital allowance for the Ashmore Storage Field?

A. Mr. Lounsberry recommended that his original adjustment of $563,000 be modified to $248,000. The reason given for altering the recommendation was that the volume of working gas (inventory) was increased, and this is a known and measurable adjustment.

Q. Do you agree with Mr. Lounsberry's recommendation for the Ashmore Storage Field?

A. Yes and No. I agree with Mr. Lounsberry that the Company should be provided an allowance for the additional inventory that was added to Ashmore. However, I do not agree on the method Mr. Lounsberry used to quantify the additional volume recommended or the resulting working capital allowance recommendation. Furthermore, Mr. Lounsberry's recommendation for Ashmore is inconsistent with his recommendations for the Panhandle and Trunkline leased storage.

Q. Please explain how Mr. Lounsberry's recommendations are inconsistent.

A. For the Panhandle and Trunkline leased storage, Mr. Lounsberry acknowledged that a reduction in the working capital allowance requested by the Company, based upon the historical average inventory, was not valid. The test year inventory was legitimately higher than previous years because additional inventory had been added to the fields as a result of increasing the contractual volumes. As a result, Mr. Lounsberry recommended no adjustments to the working capital allowance related to working gas in these storage fields.

Similar to Panhandle and Trunkline, the inventory at Ashmore was increased by approximately 185,000 MMBtu at the end of 2001. Therefore, the test year inventory was legitimately higher than previous years because additional inventory was added to the field to increase the working capacity. Despite having the same circumstances as the Panhandle and Trunkline leased storage, Mr. Lounsberry does not provide a similar recommendation that there be no adjustments downward to the working capital allowance. Instead he uses a methodology and information from Schedule 17.5 CIPS of his rebuttal testimony in an attempt to demonstrate that only a percentage of the additional volume added at Ashmore should be allowed. Clearly, there is no basis for applying a different methodology for Ashmore than what was used for Panhandle and Trunkline. In each case the Company increased the capacity for storing gas, and in each case the Company should be allowed to recover the increased costs associated with the higher inventory.

Q. For the Company's on-system storage fields, please comment on Schedule 17.5 CIPS which is a comparison of natural gas contained in storage versus the amount of gas withdrawn over the past several winters.

A. Schedule 17.5 CIPS is a comparison prepared by Mr. Lounsberry showing the inventory of the on-system storage fields versus the amount of gas withdrawn from these fields over the past several winters. He concludes, based upon this simple comparison that a relatively low percentage of gas removed during the winter of the test year indicates that the volume of gas in storage was higher than normal and should be adjusted downward.

Q. Do you agree with Mr. Lounsberry's contention that the comparison of gas contained in storage versus the winter usage indicates that the gas contained

in storage during the test year is higher than normal and should be adjusted downward?

A. No. First of all Mr. Lounsberry has already acknowledged, by recommending no adjustment for the Panhandle and Trunkline leased storage, that increasing the inventory of a storage field in a given year will cause historical average inventories to be unrepresentative of future years. This alone justifies the use of test year inventories and the associated working capital allowance requested by the Company for the Ashmore Storage Field.

Secondly, the simple comparison of gas inventory versus winter usage is completely insufficient to support an adjustment to test year storage inventories. There is not nearly enough information and analysis contained in Schedule 17.5 CIPS to conclude that the test year inventory is higher than normal. This type of conclusion would require, at a minimum, that weather and heating degree-day information be included in an analysis so that an anticipated baseline storage inventory could be determined. This would allow the storage inventories to be "normalized" for the effects of weather.

Also, to truly determine whether test year inventories are higher than normal, the influence of additional factors must be quantified, and adjusted for, as appropriate. These factors would include storage availability, load limits if they exist, physical limitation of the distribution system, gas market conditions, winter season injections, equipment availability, equipment failures, reservoir performance, well work, and well performance.

Mr. Lounsberry's simple comparison does not consider the effects of weather or any of these other important factors. Therefore, I believe the comparison is inconclusive at best with respect to indicating whether the test year storage inventory level is higher than normal. In other words, the information is of little value for the purposes of determining the appropriate working capital allowance for Ashmore or any of the other on-system storage fields.

Q. What is your recommendation for the working capital allowance for the Ashmore Storage Field?

A. My recommendation is that Mr. Lounsberry utilize the same methodology for determining the working capital allowance at the Ashmore Storage Field as he employed for the Panhandle and Trunkline leased storage. This methodology recognizes that the additional inventory is a known and measurable change and that using an average of historical inventories to support a reduction to the working capital allowance is not justified or valid. Based upon this methodology, Mr. Lounsberry recommended no adjustments to the working capital allowance requested by the Company for the Panhandle and Trunkline leased storage. Similarly, no adjustments should be made to the working capital allowance requested by the Company for the Ashmore Storage Field.

Q. What recommendation did Mr. Lounsberry make in his rebuttal testimony regarding the working capital allowance for the Sciota Storage Field?

A. Mr. Lounsberry recommended that his original adjustment of $193,000 be modified to $21,000. The reason given for altering the recommendation was that the volume of working gas (inventory) was increased and this is a known and measurable adjustment. The revised recommendation also accounts for an error in the 1997 inventory information identified in my rebuttal testimony.

Q. Do you agree with Mr. Lounsberry's recommendation for the Sciota Storage Field?

A. Yes and No. I agree with Mr. Lounsberry that the Company should be provided an allowance for the additional inventory that was added to Sciota. However, I do not agree on the method used to quantify the additional volume recommended or the resulting working capital allowance recommendation. Furthermore, Mr. Lounsberry's recommendation for Sciota is inconsistent, just as it was with Ashmore, when compared to his recommendations for the Panhandle and Trunkline leased storage.

Q. What is your recommendation for the working capital allowance for the Sciota Storage Field?

A. My recommendation is that Mr. Lounsberry utilize the same methodology in determining the working capital allowance for the Sciota Storage Field inventory as he employed for the Panhandle and Trunkline leased storage. This methodology recognizes that the additional inventory is a known and measurable change and that using an average of historical inventories to support a reduction to the working capital allowance is not justified or valid. Based upon this methodology, Mr. Lounsberry recommended no adjustments to the working capital allowance requested by the Company for the Panhandle and Trunkline leased storage. Therefore, no adjustments should be made to the working capital allowance requested by the Company for the Sciota Storage Field.

Q. What recommendation did Mr. Lounsberry make in his rebuttal testimony regarding the working capital allowance for the Johnston City Storage Field?

A. Mr. Lounsberry recommended that his original adjustment of $158,000 be modified to $122,000. The reason given for altering the recommendation was that a review of the inventory information indicated that the amount of gas in storage at Johnston City in 1997 was not representative of the volumes in subsequent years.

Q. Do you agree with Mr. Lounsberry's recommendation for the Johnston City storage field?

A. No. Even though Mr. Lounsberry removed the 1997 average inventory from his analysis, he still contends that using an average of historical inventories is representative of the future. He did not address or acknowledge that the Company has been adding inventory to the field, in small increments, as I stated in my rebuttal testimony.

A review of Schedule 17.5 CIPS from Mr. Lounsberry's rebuttal testimony shows that the Johnston City inventory was approximately 790,000 MMBtu in 1998/1999. In the two following years somewhat smaller inventories were maintained in the range of 745,000 MMBtu. In 2001/2002 inventory was increased over the prior year to 773,620 MMBtu and again increased to 816,694 MMBtu in 2002/2003. As I stated in my rebuttal testimony, the Company has been systematically adding inventory in small increments. This is part of the process of developing the Johnston City to its maximum capacity, which is not yet completed.

Q. What is your recommendation for the working capital allowance for the Johnston City Storage Field?

A. My recommendation is that Mr. Lounsberry utilize the same methodology in determining the working capital allowance for the Johnston City Storage Field inventory as he employed for the Panhandle and Trunkline leased storage. This methodology recognizes that the additional inventory is a known and measurable change and that using an average of historical inventories to support a reduction to the working capital allowance is not justified or valid. Therefore, no adjustments should be made to the working capital allowance requested by the Company for the Johnston City Storage Field.

Q. What did Mr. Lounsberry state in his rebuttal testimony regarding the Richwood and Rotherwood Storage Fields?

A. Mr. Lounsberry confirmed that the Company agreed to remove any working capital allowance for gas in storage at the Richwood and Rotherwood Storage Fields as well as any rate base and expenses associated with Richwood. The Company agrees that these are appropriate actions as stated in my rebuttal testimony.

Q. What further recommendations did Mr. Lounsberry make in his rebuttal testimony regarding the Richwood Storage Field?

A. Mr. Lounsberry recommended that the Company retire the Richwood Storage Field in addition to removing the rate base and expenses from this rate proceeding.

Q. Do you agree with Mr. Lounsberry's modified recommendation that the Company should retire the Richwood Storage Field?

A. No. The Company believes that the Richwood Storage Field still has value as a storage asset and should not be retired. The Company agrees that Mr. Lounsberry is certainly within his right to recommend removal of all expenses associated with Richwood from this rate proceeding. However, he is in no position to evaluate the potential value of this asset, on behalf of the Company, and arrive at a recommendation to retire the assets. In addition, his recommendation assumes that the Company will not develop the Richwood Storage Field in the future and include the Richwood assets in a future rate proceeding if and when they again become used and useful. Mr. Lounsberry's recommendation that the Company retire the Richwood Storage Field is inappropriate and should be rejected.

Belle Gent Storage Field

Q. What recommendation did Mr. Lounsberry make in his rebuttal testimony regarding the retirement of Belle Gent?

A. Mr. Lounsberry continued to recommend that Belle Gent be retired. The first reason he provides as the basis for this recommendation is that Belle Gent cannot provide peak day deliverability. The second reason provided is that CIPS' customers did not receive any economic benefit from the operation of the field.

Q. Do you agree that Belle Gent cannot provide peak day deliverability?

A. No. As I stated in my rebuttal testimony Belle Gent can definitely provide peak day deliverability beginning in February and can sometimes provide peak day deliverability in prior months. There are physical reservoir conditions that can limit deliverability from Belle Gent in December and January. As a result of these limitations, the Company currently plans for zero peak day deliverability which means that Belle Gent is currently not considered a resource for reducing interstate pipeline capacity requirements. The fact that we plan for zero deliverability does not mean that Belle Gent would not be able to provide deliverability during a peak day.

Q. Has the Company utilized Belle Gent as a peak day deliverability resource in past years?

A. Yes. Belle Gent's deliverability, for planning purposes, was considered to be 500 MMBtu per day in previous years. It was reduced to zero, for planning purposes, in 2001 because of the limitations discussed in my rebuttal testimony.

Q. Is it possible to make modifications to the operation of Belle Gent to allow Belle Gent and Johnston City to operate at the same time?

A. Yes, it is possible. The current requirement that Johnston City's reservoir pressure be reduced to operate Belle Gent could be mitigated by making modifications to the operation of Belle Gent. A complete analysis has not been completed, but these modifications would likely include installing a control system at Belle Gent to allow withdrawals at the same time as Johnston City.

Q. Why have the potential modifications to Belle Gent's operation that you just described not been analyzed?

A. An analysis to modify Belle Gent's operation has not been initiated because the additional deliverability is not needed at this time. The Company has sufficient resources to supply its customers' peak day requirements. However, if additional peak day capacity is needed in the future, modification of Belle Gent is an alternative the Company can pursue to economically increase peak day deliverability

Q. Do you agree with Mr. Lounsberry's cost benefit analysis?

A. No. The analysis is not complete because it only considered a single withdrawal event in calculating a reduction in the Company's gas costs. The analysis does not consider the economic value of Belle Gent as a potential resource in the future to reduce firm transportation costs. The cost of leased storage on Trunkline for 500 MMBtu per day, which is the current capacity of Belle Gent, is approximately $100,000 per year. Also the analysis does not consider the value of having Belle Gent as a backup to the Johnston City storage field if withdrawals from Johnston City were ever limited or reduced due to an operational problem with the wells or the gathering lines. If such a problem occurred on a peak day, Belle Gent would be available as a backup to provide deliverability which would mitigate or eliminate possible penalties from the interstate pipeline, or even curtailments to customers.

Q. Do you agree with Mr. Lounsberry's recommendation that the Company should retire the Belle Gent Storage Field?

A. No. Belle Gent is available for peak day deliverability albeit in a limited fashion. The economic analysis presented does not consider that if Mr. Lounsberry's recommendation is accepted and Belle Gent is retired, it will no longer be available as a backup to Johnston City. Also, if additional deliverability is needed in the future, modifying Belle Gent to mitigate the withdrawal limitations will not be available as an option to consider versus the purchase of deliverability from Trunkline. The retirement of Belle Gent would not be prudent, nor is it logical, because this action would eliminate a viable gas supply alternative when the operating and maintenance expenses associated with the field were less than $3,600 during the test year.

Installation of New Services

Q. Do you have any response to Mr. Lounsberry's rebuttal testimony concerning his proposal that AmerenCIPS be required to amend its tariff to mandate the installation of new service within 15 working days?

A. The response I provided to the proposal on behalf of AmerenUE is also responsive to Mr. Lounsberry's proposal to require AmerenCIPS to install new service within 15 working days.

Natural Gas Prices and Uncollectibles Expense

Q. Do you agree with Mr. Lounsberry's statement that there is no link between future gas costs and uncollectibles expenses?

A. No. The test year uncollectibles were the result of the prior winter in which the market price for gas rose to record levels along with a return to more normal winter weather conditions in the AmerenCIPS service areas. The combined effect of high gas prices and more normal weather, compared to the prior winter, led to higher customer gas bills and increased uncollectible accounts for the Company. In addition, gas prices have risen dramatically when weather conditions in the U.S. return to near normal as seen during the winters of 2000/2001 and 2002/2003. Therefore, there is a link between higher gas prices and uncollectible accounts for the Company. My previous testimony highlighted the fact that gas prices during the winter leading into the test year are comparable to the current price of gas and the future expected price of gas. I did not propose to use future gas prices to change the historical test year, but to simply state that the test year is very reflective of existing and future conditions in the natural gas markets.

Q. Are current and future natural gas prices near the gas prices experienced during the winter of 2000/2001?

A. Yes. Today as this surrebuttal testimony is being written, the future price of natural gas on the NYMEX futures market is $6.008 per MMBtu for July 2003 through October 2003, while the winter strip is $6.234 per MMBtu for November 2003 through

March 2004. The physical cash markets are trading at $5.36 per MMBtu for Panhandle field zone supply flowing today. The high gas prices are the result of a gas production decline in the U.S. and Canada combined with growing demand for natural gas. This serious imbalance between supply and demand is causing significant price volatility now and for the foreseeable future until supply increases or demand decreases. Public warnings have been issued by Alan Greenspan, Chairman of the Federal Reserve Board and Spencer Abrahms, Secretary of the Department of Energy, of a developing crisis in the natural gas industry which may dramatically impact the economy. The market forces described by Alan Greenspan indicate that high gas prices and volatility will continue into the future until new sources of supply, such as Liquefied Natural Gas, can be brought into the U.S. Unfortunately, it will take years for new infrastructure and gas production to be brought on-line to stabilize gas prices in the U.S.

Q. Do higher gas prices correlate to high uncollectible expenses?

A. It is simply common sense that the more a product or commodity (such as natural gas) costs, the greater the number of low income customers that may be unable to pay for the product. The bottom line is that higher gas prices lead to higher PGA rates which lead to higher uncollectible accounts.

Q. Do you agree with Mr. Lounsberry's statement that "future estimates on gas prices will likely not directly correspond to the price that ratepayers see from the utility" due to the utilization of storage and financial hedging instruments?

A. No, Mr. Lounsberry is ignoring that fact that even though the Company does utilize storage and financial instruments to hedge the price of natural gas, the fundamental price of the gas market will still be imbedded in the gas supply portfolio. In other words, the Company cannot purchase and inject $2 gas supply into storage in the future when the market price for natural gas is $5. Nor can the Company purchase $2 natural gas financial swaps for the summer of 2004 when the futures price of natural gas for the summer of 2004 is $4.90. The purpose of price hedging is to dampen price volatility, eliminate price spikes, and reduce the price uncertainty for future periods. Price hedging does not create cheap natural gas in a high priced market.

Q. What is your recommendation to the Commission regarding the use of test year uncollectibles expenses?

A. Since test year uncollectibles expense was experienced after a winter season with gas prices that parallel existing and future gas prices, the uncollectible expense level is proper and should not be adjusted through the use of a five-year average as proposed by the Staff.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

No. JLD-1

Data Information Request
From Central Illinois Public Service Company d/b/a AmerenCIPS
and Union Electric Company d/b/a AmerenUE
ICC Docket Nos. 02-0798/03-0008/03-0009 (Consolidated)
To The Illinois Commerce Commission

Requested From: Eric Lounsberry

Requested By: Thomas M. Byrne

Date of Request: April 10, 2003

Information Requested:

Over the past 5 years, how many formal or informal complaints have been lodged with the Illinois Commerce Commission alleging that AmerenUE or AmerenCIPS has failed to provide a service connection to a new customer in a timely manner?

For each such complaint, please provide:

a) the name of the Company involved (AmerenUE or AmerenCIPS);
b) the date of the complaint;
c) the name of the customer; and
d) a brief description of the resolution of the complaint.

Response:

Mr. Lounsberry is not aware of any formal or informal complaints lodged with the Illinois Commerce Commission alleging that AmerenUE or AmerenCIPS failed to provide a service connection to a new customer in a timely fashion over the past 5 years.

AmerenCIPS' and AmerenUE's Response To Illinois Commerce Commission Data Request Docket Nos. 03-0008 and 03-0009 AmerenCIPS' and AmerenUE's Proposed General Increase in Natural Gas Rates

CIPS&UE-ENG 1.72:

For both CIPS and UE, what is each company's best estimate, by rate class, of the percentage of new service installations (requiring service line and meter) that it completed within 15 working days of the service being requested for the years 2000, 2001 and 2002?

Response:

CIPS and UE do not maintain reports which monitor or identify the number of new service installations that are completed within 15 working days of a service being requested. Therefore, there is no historical data to provide a percentage estimate for the years 2000, 2001, and 2002 as requested by the Staff.

In general terms, the Company strives to provide service to a new customer according to the schedule that is requested by the customer. The Company believes that the majority of new services, regardless of rate class, are completed according to the schedule that is requested by the customer.

Prepared By: Steve Colyer
Title: Manager, Gas Operations Support
Phone: 217-535-5332
Date: 06/03/03